

February 2, 2023

# Morning Briefing

## Economy

**IMF seeks political consensus for revival of \$6.5b bailout**

**Economy | Neutral**

The International Monetary Fund (IMF) on Tuesday expressed concerns that the opposition might create hurdles in the way of implementing tough economic decisions, urging the government to meet all the "requirements" for the completion of the much-delayed programme review. (ET) | [Click for more info.](#)

**IMF revises inflation rate upward**

**Economy | Negative**

The International Monetary Fund (IMF) has revised upward the inflation rate for Pakistan, ie, from 19.9 percent to 21 percent in 2023, attributing the raise to floods and exchange rate depreciation. (BR) | [Click for more info.](#)

**Committee discusses timely utilisation of \$10.9bn pledges**

**Economy | Neutral**

The government on Tuesday assured the international community to keep a robust check on \$10.92 billion pledges made for flood-related resilience recovery and rehabilitation in the country and ensure transparent utilisation through a third-party audit. (Dawn) | [Click for more info.](#)

**Inflation rises to 48-year high as IMF visits**

**Economy | Negative**

Inflation has risen to a 48-year high in crisis-hit Pakistan, where the International Monetary Fund is visiting for urgent talks, according to data released on Wednesday by the statistics bureau. Year-on-year inflation in January 2023 was recorded at 27.55 percent, the highest since May 1975, with thousands of containers of imports held up at Karachi port. (ET) | [Click for more info.](#)

**Analysis: Pakistan moves toward deal-or-default endgame**

**Economy | Negative**

Pakistan's full-blown economic turmoil, from its biggest-ever currency devaluation to a rash of emergency spending cuts, offers the clearest sign yet that the nuclear-armed nation faces the risk of a default unless it receives massive support. (ET) | [Click for more info.](#)

**PKR comes under promise, again**

**Economy | Negative**

As per the State Bank of Pakistan (SBP), the currency closed at Rs268.83, a depreciation of Rs0.94 against the US dollar. In the open market, the PKR gained 1.50 rupees for both buying and selling against USD, closing at 272 and 275, respectively. (BR) | [Click for more info.](#)

## Oil & Gas

**Petroleum sales drop 19pc in July-Jan**

**Oil | Negative**

Petroleum sales in Pakistan shrank by 19 percent in first seven months of the current financial year on a slowdown in economic activities and depressed demand of the products. (The News) | [Click for more info.](#)

### Pakistan Stock Exchange Overview

	Open	Close	Chg.	%
KSE All	27,100.9	27,085.1	-15.8	-0.1%
KSE100	40,673.1	40,620.0	-53.1	-0.1%
KSE30	15,190.4	15,170.4	-20.0	-0.1%
KMI30	69,439.4	69,371.1	-68.3	-0.1%

### Top Five Gainers

	Open	Close	Chg.	%
SAPL	845.5	870.0	24.5	2.9%
PECO	281.6	302.7	21.1	7.5%
ABOT	353.9	374.9	21.0	5.9%
JSGCL	258.0	277.3	19.3	7.5%
COLG	2,029.9	2,049.2	19.3	0.9%

### Top Five Volume Leaders

	Open	Close	Chg.	Vol.
PPL	77.5	76.6	-0.9	9.47
PIAA	3.7	4.0	0.3	8.35
GATM	20.5	21.1	0.6	8.35
HBL	72.3	72.4	0.1	6.17
OGDC	87.8	87.3	-0.5	5.23

### Portfolio Investments – Net Position

FIPI	Buy	Sell	Net
F-Individuals	0.00	0.00	0.00
F-Corporates	0.77	-0.93	-0.15
O/S Pakistanies	1.10	-1.24	-0.13
<b>Net</b>	<b>1.88</b>	<b>-2.16</b>	<b>-0.29</b>
LIPI			
Individuals	19.34	-17.77	1.58
Companies	1.86	-1.54	0.32
Comm. Banks	0.89	-0.92	-0.04
NBFC	0.07	-0.01	0.06
Mutual Funds	0.45	-0.94	-0.49
Other	0.07	-0.12	-0.05
Brokers Proprietary	5.47	-5.85	-0.37
Insurance	0.57	-1.29	-0.72
<b>Net</b>	<b>28.72</b>	<b>-28.44</b>	<b>0.29</b>

### Commodity Outlook

	Unit	Close	% chg.
Crude oil	USD/bbl.	76.81	-3.0%
Brent oil	USD/bbl.	83.07	-2.9%
Gold	USD/t oz.	1950.42	1.2%
Silver	USD/t oz.	23.98	1.3%
Coal	USD/ton	142.85	0.9%
Steel Scrap (LME)	USD/ton	430.00	4.1%
Steel Rebar (LME)	USD/ton	702.00	1.9%
USD/PKR	Interbank	8.19	0.5%

News Source: Local / Int'l Newspapers and websites

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MORNING BRIEFING

## Power

**KE files four tariff pleas with Nepra**

**KEL | Positive**

KE has submitted four petitions with the National Electric Power Regulatory Authority (Nepra) i.e., generation, transmission, distribution, and supply. The future investment proposals of over Rs465.5 billion were related to distribution and transmission over the years. (BR) | [Click for more info.](#)

**IMF team 'quizzes' PD's top brass**

**Power | Negative**

The International Monetary Fund (IMF) Mission has reportedly quizzed top brass of the Power Division for consecutive two days on failing to meet commitments including increase in tariff, poor performance of the sector and restricting subsidies only to vulnerable domestic consumers, well-informed sources told. (BR) | [Click for more info.](#)

**IMF rejects circular debt management plan**

**Power | Negative**

The visiting IMF review mission has rejected the revised Circular Debt Management Plan (CDMP) and asked the government to raise the electricity tariff by Rs12.50 per unit in order to restrict the additional subsidy at Rs335 billion for the current fiscal year. (The News) | [Click for more info.](#)

**PM to open K3 nuclear power plant today**

**Power | Neutral**

Prime Minister Shehbaz Sharif has stated that he is going to inaugurate the K3 today (Thursday) which would increase the total electricity production from nuclear power plant in Karachi to 2200 MW. (BR) | [Click for more info.](#)

## Tech. & Communication

**Pakistan's System establishes regional headquarters in Saudi Arabia**

**SYS | Positive**

Systems, a top IT firm from Pakistan, has recently launched a subsidiary called Systems Arabia located in Riyadh. With the addition of NdcTech, a Temenos partner with accolades, to its parent company Systems, Systems Arabia is well-equipped to support digital banks, fintech, and payment providers with their digital requirements for an all-encompassing experience, as reported by Zawya.com. (Mettis) | [Click for more info.](#)

## Miscellaneous

**Equity investors await macro adjustments**

**PSX | Neutral**

Share prices have hit rock bottom, thanks to the on-again, off-again International Monetary Fund (IMF) loan programme. The price-to-earnings ratio, which shows whether a company is under- or overvalued, is expected to slip to 2.9 this year, a remarkably low level that tells investors that stocks are essentially going for a song. Yet there aren't many takers. The total value of shares is down to around \$23 billion from \$100bn six years ago. (Dawn) | [Click for more info.](#)

### World Indices

	Last	Chg.	Chg. %
PHILP - PSEI	7,035.8	242.51	3.57%
HK - Hang Seng	22,072.2	229.85	1.05%
INDIA - SENSEX	59,708.1	158.18	0.27%
Taiwan - TWII	15,420.1	154.93	1.01%
US - S&P 500	4,119.2	42.61	1.05%
CHINA - Shanghai	3,284.9	29.25	0.90%
INDONESIA - IDX	6,862.3	22.92	0.34%
US - Dow 30	34,093.0	6.92	0.02%
KSA - Tadawul	10,783.7	-9.12	-0.08%
PAK (KSE-100)	40,619.9	-53.12	-0.13%

### Board Meetings

Scrip	Day	Agenda	Time
EPCL	Tuesday	Ann. A/c as of 31-Dec-22	10:00 AM
PRL	Tuesday	HY A/c as of 31-Dec-22	10:00 AM
EPQL	Wednesday	Ann. A/c as of 31-Dec-22	10:00 AM
EFERT	Thursday	Ann. A/c as of 31-Dec-22	10:30 AM
INDU	Friday	HY A/c as of 31-Dec-22	4:00 PM
FCCL	Thursday	HY A/c as of 31-Dec-22	10:30 AM
HAFI	Friday	HY A/c as of 31-Dec-22	11:30 AM
UPFL	Friday	Ann. A/c as of 31-Dec-22	2:30 PM

Source: PSX

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**Asset Value of Mutual Funds Soars 41% in 2022****Mutual Funds | Positive**

Mutual Funds of various Asset Management Companies (AMCs) attracted over half a billion in investments during 2022 mainly due to lucrative profit rates on the risk-free options. According to the Mutual Funds Association of Pakistan (MUFAP), the overall asset value managed by different funds and AMCs surged to Rs. 1.5 trillion by end of December 2022 as compared to Rs. 1 trillion recorded by the end of December 2021, showing a staggering growth of 41 percent year-on-year. (Propakistani) | [Click for more info.](#)

**Political News****General election not possible before Oct?**

Federal Minister for Information Technology and Telecom. Syed Aminul Haque has said that the digital census will continue till March, after which the Election Commission will need four months for de-limitations, so it is quite clear that general elections in the country are not possible before October 2023. (BR) | [Click for more info.](#)

**Punjab, KP governors 'decline' to fix poll dates**

The governors of Punjab and Khyber Pakhtunkhwa have declined to give dates for general elections to the provincial assemblies, advising the electoral watchdog to consult relevant authorities and take stock of the current security and economic situation before deciding in this regard. (Dawn) | [Click for more info.](#)

**International News****Fed raises rates a quarter point, expects 'ongoing' increases**

The Federal Reserve on Wednesday raised its benchmark interest rate by a quarter percentage point and gave little indication it is nearing the end of this hiking cycle. (CNBC) | [Click for more info.](#)

**Stocks Extend Fed-Fueled Rise in Asia; Dollar Dips: Markets Wrap**

Asian shares advanced with US and Europe futures on Thursday, extending a rally on Wall Street after Federal Reserve Chair Jerome Powell said the central bank had made progress in its battle against inflation. (Bloomberg) | [Click for more info.](#)

**Oil dives \$3 after U.S. EIA reports big builds in U.S. crude, fuel stocks**

Oil prices settled lower on Wednesday after sliding more than \$3 a barrel in the session after U.S. government data showed big builds in crude oil, gasoline and distillate inventories and OPEC and its allies stuck to their output policy. (Reuters) | [Click for more info.](#)

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## Rating Criteria

**Rating** - Expected Total Return

**Buy** - Greater than 10%

**Hold** - Neither Buy nor Sell

**Sell** - Less than and equal to -10%

## Valuation Methodology

To arrive at our 12-months Price Target, ABA Ali Habib Research uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology. In this report, our PT is founded on FCF based DCF methodology.

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